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MARRERO - ESTELLE VOLUNTEER FIRE
COMPANY NO. 1
MARRERO, LOUISIANA
ANNUAL FINANCIAL REPORT
DECEMBER 31, 2007

Under provisions of state law, this report is a public document. A copy of the report has been submitted to the entity and other appropriate public officials. The report is available for public inspection at the Baton Rouge office of the Legislative Auditor and, where appropriate, at the office of the parish clerk of court.

Release Date 7-16-08

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INDEPENDENT AUDITOR'S REPORT

To Board of Directors of
Marrero - Estelle Volunteer Fire Company No. 1
Marrero, Louisiana

We have audited the accompanying basic financial statements of Marrero - Estelle Volunteer Fire Company No. 1, Marrero, Louisiana, as of and for the year ended December 31, 2007 as listed in the table of contents. These basic financial statements are the responsibility of the Volunteer Fire Company's management. Our responsibility is to express an opinion on these basic financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the basic financial statements referred to above present fairly, in all material respects, the financial position of Marrero - Estelle Volunteer Fire Company No. 1 at December 31, 2007, and the results of its operations for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated June 25, 2008 on our consideration of Marrero - Estelle Volunteer Fire Company No. 1's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants. That report is listed in the accompanying Table of Contents and is an integral part of our audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

The Managements Discussion and Analysis on pages 2 through 4, respectively, is not a required part of the basic financial statements but is supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the supplementary information. However, we did not audit the information and express no opinion on it.

Uzee, Butler, Arceneux & Bowes
Harvey, Louisiana
June 25, 2008

MANAGEMENT'S DISCUSSION AND ANALYSIS

MARRERO - ESTELLE VOLUNTEER FIRE COMPANY NO. 1

Management's Discussion & Analysis (Unaudited)

In this section of the Fire Company's annual financial report management provides a narrative discussion and analysis of the financial activities of the Fire Company for the year ended December 31, 2007.

FINANCIAL HIGHLIGHTS

Compared to previous year:

- Program and general revenues are up approximately \$118,000, or about 9%.
- Expenditures at the governmental fund level are up approximately \$83,000, or about 7%.
- Revenues at the governmental fund level exceeded expenditures by \$56,114. In previous year revenues exceeded expenditures by \$20,840.
- Unrestricted net assets at year-end increased by \$56,114, resulting from the excess of revenues over expenditures.

The major changes in revenues was an increase of \$35,053 in the amounts received from Jefferson Parish for contractual services and operating subsidy and an increase of \$56,876 in federal (FEMA) reimbursements and an increase of \$18,695 from other sources.

The major increases (decreases) in expenditures at the governmental fund level were as follows:

| | |
|----------------------------|-----------|
| Salaries and related taxes | \$ 49,482 |
| Professional fee | (7,007) |
| Capital outlay | (29,430) |

OVERVIEW OF FINANCIAL STATEMENTS

Under governmental accounting standards, the Fire Company was required to adopt *Governmental Accounting Standards Board Statement No. 34* effective for its fiscal year beginning in 2004. Under such standards, financial statements must be presented on a government-wide basis in addition to the usual fund basis statements. As explained in the notes to the financial statements, the measurement focus basis is different for each category.

The government-wide financial statements provide both long-term and short-term information about the Fire Company's overall financial status. Financial reporting at this level uses a perspective similar to that found in the private sector. Full accrual basis is employed and depreciation is recorded as an element of expenses.

The fund financial statements report short-term accountability focusing on the use of spendable resources available at year-end. The Fire Company has only one fund, its General Fund.

MARRERO - ESTELLE VOLUNTEER FIRE COMPANY NO. 1

Management's Discussion & Analysis (Unaudited) (Continued)

The accompanying notes to the financial statements provide information essential to a full understanding of the government-wide and fund financial statements.

FINANCIAL ANALYSIS OF THE FIRE COMPANY (*dollars are in thousands*)

The Fire Company's total net assets at year-end were \$1,260,212 of which \$107,830 was unrestricted. The following table provides a summary of the Fire Company's net assets.

| | <u>Governmental Activities</u> | <u>Percentage</u> |
|-------------------------------------|------------------------------------|-------------------|
| Assets: | | |
| Current assets | \$ 187,065 | 14% |
| Capital assets, net of depreciation | <u>1,152,382</u> | <u>86%</u> |
| Total assets | <u>1,339,447</u> | <u>100%</u> |
| Liabilities: | | |
| Current liabilities | <u>79,235</u> | <u>100%</u> |
| Total liabilities | <u>79,235</u> | <u>100%</u> |
| Net assets: | | |
| Investment in capital assets | 1,152,382 | 91% |
| Unrestricted | <u>107,830</u> | <u>9%</u> |
| Total net assets | \$ <u>1,260,212</u> | <u>100%</u> |

Changes in net assets are presented in the following summary:

| | <u>Governmental Activities</u> | <u>Percentage</u> |
|-------------------------------------|------------------------------------|-------------------|
| Revenues: | | |
| Program revenues: | | |
| Operating grants | 110,448 | 8% |
| General revenues: | | |
| Distributions from Jefferson Parish | 1,233,834 | 90% |
| Interest Income | 6,030 | 0% |
| Miscellaneous | <u>23,026</u> | <u>2%</u> |
| Total revenues | <u>1,373,338</u> | <u>100%</u> |
| Expenses: | | |
| Public safety | <u>1,315,896</u> | <u>100%</u> |
| Change in net assets-increase | 57,442 | |
| Beginning net assets | <u>1,202,770</u> | |
| Ending net assets | \$ <u>1,260,212</u> | |

MARRERO - ESTELLE VOLUNTEER FIRE COMPANY NO. 1

Management's Discussion & Analysis (Unaudited) (Continued)

As noted above, the Fire Company is heavily reliant on distributions from Jefferson Parish for its support. Distributions are made from property taxes and fire insurance premiums collected by the Parish for Fire Protection District No. 8.

Of the total expenses for 2007 the Fire Company's major expenses were salaries (67%) and insurance (13%). The Fire Company has 17 full-time employees and three separate fire stations. Average annual compensation per full-time employee, including state supplemental pay, was \$46,846 for 2007.

CAPITAL ASSETS

Investment in capital assets (property and equipment) is summarized below for the years 2007 and 2006.

| | <u>Governmental</u> <u>2007</u> | <u>Activities</u> <u>2006</u> |
|---------------------------------|------------------------------------|----------------------------------|
| Depreciable assets: | | |
| Buildings and improvements | \$ 879,773 | \$ 878,675 |
| Equipment | <u>1,591,967</u> | <u>1,562,373</u> |
| Total depreciable assets | 2,471,740 | 2,441,048 |
| Less accumulated depreciation | <u>1,472,358</u> | <u>1,382,123</u> |
| Book value - depreciable assets | 999,382 | 1,058,925 |
| Book value - land | <u>153,000</u> | <u>153,000</u> |
| Total capital assets - net | \$ <u>1,152,382</u> | \$ <u>1,211,925</u> |
| Depreciated percentage | <u>60%</u> | <u>57%</u> |

CONTACTING THE FIRE COMPANY'S FINANCIAL MANAGEMENT

This financial report is designated to provide a general overview of the Fire Company's finances and to demonstrate the Fire Company's accountability for the money it receives. If you have questions about this report or need additional financial information, contact Marrero - Estelle Volunteer Fire Company No. 1, 2248 Baratara Blvd., Marrero, LA 70072.

BASIC FINANCIAL STATEMENTS

MARRERO - ESTELLE VOLUNTEER FIRE COMPANY NO. 1
STATEMENT OF NET ASSETS

DECEMBER 31, 2007

ASSETS

| | Governmental Activities |
|---------------------------|----------------------------|
| Cash and cash equivalents | \$ 178,254 |
| Receivables | 578 |
| Insurance deposit | 8,233 |
| Capital assets, net | <u>1,152,382</u> |
| Total assets | <u>1,339,447</u> |

LIABILITIES

| | |
|---|---------------|
| Current liabilities: | |
| Accounts payable and other accrued payables | <u>79,235</u> |
| Total liabilities | <u>79,235</u> |

NET ASSETS

| | |
|----------------------------|---------------------|
| Invested in capital assets | 1,152,382 |
| Unrestricted | <u>107,830</u> |
| Total net assets | \$ <u>1,260,212</u> |

See accompanying notes to financial statements.

MARRERO - ESTELLE VOLUNTEER FIRE COMPANY NO. 1
STATEMENT OF ACTIVITIES

YEAR ENDED DECEMBER 31, 2007

| <u>Activities</u> | <u>Expenses</u> | <u>Program Revenues</u> | | <u>Net (Expense) Revenues and Changes in Net Assets</u> |
|---|---------------------|---|---|---|
| | | <u>Operating Grants and Contributions</u> | <u>Capital Grants and Contributions</u> | |
| Governmental Activities: | | | | |
| Public Safety | \$ <u>1,315,896</u> | \$ <u>110,448</u> | \$ <u>-0-</u> | \$ <u>(1,205,448)</u> |
| Total | <u>1,315,896</u> | <u>110,448</u> | <u>-0-</u> | <u>(1,205,448)</u> |
| General Revenues: | | | | |
| Grants and contributions not restricted to specific programs | | | | 1,233,834 |
| Interest income | | | | 6,030 |
| Miscellaneous | | | | <u>23,026</u> |
| Total general revenues | | | | <u>1,262,890</u> |
| Changes in net assets - decrease | | | | 57,442 |
| Net assets at beginning of year | | | | <u>1,202,770</u> |
| Net assets at end of year | | | | \$ <u>1,260,212</u> |

See accompanying notes to financial statements.

MARRERO - ESTELLE VOLUNTEER FIRE COMPANY NO. 1
BALANCE SHEET - GOVERNMENTAL FUNDS

DECEMBER 31, 2007

| | <u>General Fund</u> |
|--|-------------------------|
| ASSETS | |
| Cash, including \$126,974 in savings accounts and certificates of deposit | \$ 178,254 |
| Accrued interest receivable | 578 |
| Insurance deposit | <u>8,233</u> |
| Total assets | \$ <u>187,065</u> |
| LIABILITIES AND EQUITY | |
| Liabilities: | |
| Accounts payable | \$ 18,331 |
| Accrued liabilities: | |
| Wages and salaries | 32,081 |
| Compensated absences payable | <u>28,823</u> |
| Total liabilities | <u>79,235</u> |
| Equity: | |
| Fund balance: | |
| Unreserved/undesignated | <u>107,830</u> |
| Total liabilities and fund balance | \$ <u>187,065</u> |

See accompanying notes to financial statements.

MARRERO - ESTELLE VOLUNTEER FIRE COMPANY NO. 1
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
TO THE STATEMENT OF NET ASSETS

DECEMBER 31, 2007

| | |
|--|------------|
| Total fund balances of governmental funds at December 31, 2007 | \$ 107,830 |
|--|------------|

Amounts reported for governmental activities in the government-wide statement of net assets are different because:

Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.
Those assets consist of:

| | | |
|----------------------------------|------------------|------------------|
| Land, buildings and improvements | \$ 1,032,773 | |
| Equipment | <u>1,591,967</u> | |
| | 2,624,740 | |
| Less accumulated depreciation | <u>1,472,358</u> | |
| Capital assets, net | | <u>1,152,382</u> |

| | |
|--|---------------------|
| Total net assets of governmental activities at December 31, 2007 | \$ <u>1,260,212</u> |
|--|---------------------|

See accompanying notes to financial statements.

MARRERO - ESTELLE VOLUNTEER FIRE COMPANY NO. 1
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES - GOVERNMENTAL FUNDS

YEAR ENDED DECEMBER 31, 2007

| | <u>General Fund</u> |
|---|-------------------------|
| Revenues: | |
| Intergovernmental: | |
| Jefferson Parish: | |
| Contractual services | \$ 1,233,834 |
| Federal (FEMA) reimbursements | 56,876 |
| State supplemental pay (on-behalf payments) | 53,572 |
| Interest income | 6,030 |
| Miscellaneous | <u>23,026</u> |
| Total revenues | <u>1,373,338</u> |
| Expenditures: | |
| Public Safety: | |
| Current operating: | |
| Salaries and related taxes, including state supplemental pay of \$53,572 | 885,075 |
| Contributions to retirement plan | 20,310 |
| Fuel | 13,208 |
| Insurance | 169,002 |
| Miscellaneous | 27,322 |
| Office | 3,742 |
| Professional fees | 7,550 |
| Repairs, maintenance and supplies | 52,359 |
| Utilities | 34,364 |
| Uniforms | 3,840 |
| Capital outlay: | |
| Purchases of equipment | 36,514 |
| Debt service: | |
| Principal retirement | 60,871 |
| Interest charges | <u>3,067</u> |
| Total expenditures | <u>1,317,224</u> |
| Excess of revenues and over expenditures | 56,114 |
| Fund balance at beginning of year | <u>51,716</u> |
| Fund balance at end of year | <u>\$ 107,830</u> |

See accompanying notes to financial statements.

MARRERO - ESTELLE VOLUNTEER FIRE COMPANY NO. 1
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES

YEAR ENDED DECEMBER 31, 2007

| | |
|--|-----------|
| Total changes in fund balances at December 31, 2007 per Statement of Revenues, Expenditures, and Changes in Fund Balances | \$ 56,114 |
|--|-----------|

Amounts reported for governmental activities in the Government-Wide
Statement of Activities are different because:

Governmental funds report capital outlays as expenditures.
However, in the government-wide Statement of Activities, the
cost of those assets is allocated over their estimated useful
lives and reported as depreciation expense.

| | | |
|--|-----------------|----------|
| Capital outlay which is considered expenditures in the Statement of Revenues, Expenditures, and Changes in Fund Balances | \$ 36,514 | |
| Depreciation expense for the year ended December 31, 2007 | <u>(96,057)</u> | (59,543) |

| | |
|--|---------------|
| Principal payment on note payable which is not considered an expense in the Statement of Activities | <u>60,871</u> |
|--|---------------|

| | |
|---|-------------------------|
| Total changes in net assets at December 31, 2007 per Statement of Activities | \$ <u><u>57,442</u></u> |
|---|-------------------------|

See accompanying notes to financial statements.

NOTES TO FINANCIAL STATEMENTS

MARRERO - ESTELLE VOLUNTEER FIRE COMPANY NO. 1

NOTES TO FINANCIAL STATEMENTS

December 31, 2007

Introduction

Marrero - Estelle Volunteer Fire Company No. 1 (the Fire Company) was created in 1951 under the non-profit corporation provisions of Louisiana Revised Statutes 12:202. The Fire Company contracts with the Parish of Jefferson, State of Louisiana to provide fire protection and related services to a portion of the 8th Fire Protection District of the Parish of Jefferson.

Because the Fire Company receives the vast majority of its financial support from the Parish of Jefferson to provide a public service, it is considered a quasi-public entity for financial reporting purposes. Accordingly, the accompanying financial statements have been prepared in conformity with generally accepted accounting principles as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles.

(1) Summary of Significant Accounting Principles

A. Financial reporting Entity.

The accompanying financial statements include all funds and activities which are controlled by the Fire Company. Control is based on application of the criteria established by the GASB for determining the reporting entity. The basic criteria, but not the only, is the ability to exercise oversight responsibility. Oversight responsibility is derived from, among other things, the ability to significantly influence operations. Based on the foregoing criteria, there are no component units which have been combined with the Fire Company to form the reporting entity, nor are there any potential component units which should be combined with the Fire Company to form the reporting entity.

B. Basis of Presentation.

The accompanying basic financial statements have been prepared in conformity with GASB Statement 34, *Basic Financial Statements and Management's Discussion and Analysis for State and Local Governments*. Statement 34 was adopted by the Fire Company in the year 2004.

Government-Wide Financial Statements (GWFS)

The Statement of Net Assets and the Statement of Activities display information about the Fire Company as a whole. These statements include all the financial activities of the Fire Company. Information contained in these statements reflects the economic resources measurement focus and the accrual basis of accounting. Revenues, expenses, gains, losses, assets and liabilities resulting from exchange or exchange-like transactions are recognized when the exchange occurs

MARRERO - ESTELLE VOLUNTEER FIRE COMPANY NO. 1

NOTES TO FINANCIAL STATEMENTS (continued)

December 31, 2007

Government-Wide Financial Statements (GWFS) - continued

(regardless of when cash is received or disbursed). Revenues, expenses, gains, losses, assets and liabilities resulting from nonexchange transactions are recognized in accordance with the requirements of GASB Statement No. 33, *Accounting and Financial Reporting for Nonexchange Transactions*.

The Statement of Activities presents a comparison between direct expenses and program revenues for public safety which is sole function of the Fire Company's governmental activities. Direct expenses are those that are specifically identifiable to this particular function. Program revenues include grants and contributions that are restricted to meeting the operational or capital requirement of this particular function. Revenues that are not classified as program revenues, are presented as general revenue.

Fund Financial Statements (FFS)

The Fire Company uses funds to maintain its financial records during the year. Fund accounting is designed to demonstrate legal compliance and to aid management by segregating transactions related to certain Fire Company functions and activities. A fund is defined as a separate fiscal and accounting entity with a self-balancing set of accounts. At December 31, 2007, the Fire Company had only one governmental fund, its General Fund. This fund is the primary operating fund of the Fire Company and it accounts for all financial resources.

C. Measurement Focus/Basis of Accounting.

Measurement focus refers to what is being measured; basis of accounting refers to when revenues and expenditures are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurement made, regardless of the measurement focus applied.

The government-wide financial statements (GWFS) are reported using the economic resources measurement focus and the accrual basis of accounting. The economic resources measurement focus means all assets and liabilities (whether current or non-current) are included in the statement of net assets and the operating statement presents increases (revenues) and decreases (expenses) in total assets. Under the accrual basis of accounting, revenues are recognized when earned. Expenses are recognized at the time the liability is incurred.

MARRERO - ESTELLE VOLUNTEER FIRE COMPANY NO. 1

NOTES TO FINANCIAL STATEMENTS (continued) December 31, 2007

Governmental fund financial statements (FFS) are reported using the current financial resources measurement focus and are accounted for using the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recognized when susceptible to accrual (i.e., when they become measurable and available) and expenditures are recorded when the related liabilities is incurred. All revenues are considered available if they are collected within 60 days after the fiscal year ends. The Fire Company's accounting records for its General Fund are maintained on the cash basis of accounting during the year and converted to the modified accrual basis of accounting for financial reporting purposes at year end. Under the modified accrual basis of accounting, revenues and expenditures are recognized as follows:

Revenues

The Fire Company has a contractual agreement with the Parish of Jefferson under which the Fire Company is required to provide fire protection and related services in a specifically designated area of Fire Protection District No. 8. The agreement provides that the Fire Company is to receive from the Parish a sum of money in monthly installments which will represent one-third of the net proceeds of the property tax levied annually by Fire Protection District No. 8. The Fire Company also receives from the Parish one-third of the 2% fire insurance premium tax which the Parish receives from the State of Louisiana for Fire Protection District No. 8. The proceeds of the property tax (\$1,188,000) and the 2% fire insurance premium tax (\$45,834) are reported as intergovernmental revenue from contractual services in the accompanying statement of revenues and expenditures. Revenues from contractual services are reported as revenues of the period for which received. Interest income is reported in the period in which earned. Miscellaneous revenues are reported in the period in which received.

Expenditures

Capital expenditures and purchases of various operating supplies are regarded as expenditures at the time purchased.

D. On-behalf Payments.

Supplemental pay which is paid directly to employees of the Fire Company by the State of Louisiana, Department of Public Safety, are recognized as intergovernmental revenue and salaries expenditure in the year in which paid.

MARRERO - ESTELLE VOLUNTEER FIRE COMPANY NO. 1

NOTES TO FINANCIAL STATEMENTS (continued)

December 31, 2007

E. Budget.

The Fire Company is not legally required to adopt a budget. For 2007 a budget was prepared on the cash basis for internal use but not in a format compatible to the financial statements; therefore comparison of actual results with a budget is not presented in the accompanying financial statements.

F. Capital Assets.

Capital assets are recorded as expenditures (capital outlay) in the General Fund when purchased. Purchased capital assets are stated at historical cost. Donated capital assets are stated at their estimated fair market value on the date received. The Fire Company maintains a threshold level of \$100 or more for capitalizing capital assets. All capital assets, other than land, are depreciated using the straight-line method over the following estimated useful lives.

| <u>Asset Class</u> | <u>Estimated Useful Lives in Years</u> |
|----------------------------|--|
| Buildings and improvements | 10, 20 and 40 |
| Equipment | 5-20 |

G. Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America require management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues, expenditures, and expenses during the reporting period. Actual results could differ from those estimates.

(2) Cash

At December 31, 2007, the carrying amount of the Fire Company's bank deposits was \$178,054 and the bank balances were \$185,786, all of which was covered by federal depository insurance.

MARRERO - ESTELLE VOLUNTEER FIRE COMPANY NO. 1

NOTES TO FINANCIAL STATEMENTS (continued)
December 31, 2007

(3) Capital Assets

Capital assets and depreciation activity as of and for the year ended December 31, 2007 are as follows:

| <u>Governmental Activities</u> | <u>Balance January 1, 2007</u> | <u>Additions</u> | <u>Deletions</u> | <u>Balance December 31, 2007</u> |
|--------------------------------|--|--------------------|------------------|--|
| Land | \$ 153,000 | \$ -0- | \$ -0- | \$ 153,000 |
| Buildings and improvements | 878,675 | 1,098 | -0- | 879,773 |
| Equipment | <u>1,562,373</u> | <u>35,416</u> | <u>5,822</u> | <u>1,591,967</u> |
| Total | <u>2,594,048</u> | <u>36,514</u> | <u>5,822</u> | <u>2,624,740</u> |
| Less accumulated depreciation: | | | | |
| Buildings and improvements | 407,219 | 32,508 | -0- | 439,727 |
| Equipment | <u>974,904</u> | <u>63,549</u> | <u>5,822</u> | <u>1,032,631</u> |
| Total | <u>1,382,123</u> | <u>96,057</u> | <u>5,822</u> | <u>1,472,358</u> |
| Capital assets, net | \$ <u>1,211,925</u> | \$ <u>(59,543)</u> | \$ <u>-0-</u> | \$ <u>1,152,382</u> |

The Fire Company does not have any general infrastructure assets.

(4) Retirement Plan

In the year 2000, the Fire Company terminated its defined contribution (money purchase) pension plan and adopted a SIMPLE IRA Retirement Plan for its employees. Under the SIMPLE IRA plan, the Fire Company matches the employees' salary contributions to the plan up to a limit of 3% of the employees' compensation for the year. The maximum annual contribution by the employee for the year 2007 was \$10,500. For 2007 the employees' total contributions were \$49,622 and the Fire Company's matched contributions were \$20,310.

(5) Contributed Services

A significant contribution of time is made by unpaid volunteers to accomplish the purpose for which the Fire Company was established. The value of this contributed time is not included in the accompanying financial statements because it is not susceptible to objective measurement or evaluation.

COMPLIANCE AND INTERNAL CONTROL

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SOCIETY OF LOUISIANA
CERTIFIED PUBLIC ACCOUNTANTS

REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

To Board of Directors of
Marrero-Estelle Volunteer Fire Company No. 1
Marrero, Louisiana

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Marrero-Estelle Volunteer Fire Company No. 1 as of and for the year ended December 31, 2007, which collectively comprise the Marrero-Estelle Volunteer Fire Company No. 1's basic financial statements and have issued our report thereon dated June 25, 2008. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered Marrero-Estelle Volunteer Fire Company No. 1's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Marrero-Estelle Volunteer Fire Company No. 1's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Marrero-Estelle Volunteer Fire Company No. 1's internal control over financial reporting.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the Marrero-Estelle Volunteer Fire Company No. 1's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the Marrero-Estelle Volunteer Fire Company No. 1's financial statements that is more than inconsequential will not be prevented or detected by the Marrero-Estelle Volunteer Fire Company No. 1's internal control.


A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the Marrero-Estelle Volunteer Fire Company No. 1's internal control.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Marrero-Estelle Volunteer Fire Company No. 1's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The result of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

This report is intended solely for the information and use of management, the Board of Directors and the Louisiana Legislative Auditor and is not intended to be and should not be used by anyone other than these specified parties. Under Louisiana Revised Statute 24.513, this report is distributed by the Legislative Auditor as a public document.


Harvey, Louisiana
June 25, 2008